

SYN. NO. \_\_\_\_\_

AGN. NO. \_\_\_\_\_

MOTION BY SUPERVISOR ZEV YAROSLAVSKY

September 21, 2004

The County owns an 18,645 square foot office building on 36,240 square feet of land located at 5026 Santa Monica Boulevard in the City of Los Angeles which is vacant and considered surplus to any present or foreseeable County needs. This building formerly served as an office for the Department of Public Social Services In-Home Supportive Services. Staff associated with that program was relocated to another County facility as part of that Department's consolidation.

Hollywood Community Housing Corporation (HCHC) is a non-profit organization that constructs and manages affordable housing developments with a focus on the Hollywood neighborhood. HCHC has investigated the feasibility of developing the subject site for mixed use, affordable rental housing, and retail purposes and determined that there is a need in the community and that the site can support such a development. County staff has determined that the property is zoned for residential and retail development and can be used to provide affordable housing. In accordance with the Government Code, the County has an opportunity to effect a direct sale to HCHC or a limited partnership in which HCHC is the general partner (collectively, "HCHC"), at market value in exchange for HCHC's agreement to redevelop the property for the purpose of housing persons and families of low income.

MOTION

MOLINA \_\_\_\_\_

BURKE \_\_\_\_\_

YAROSLAVSKY \_\_\_\_\_

ANTONOVICH \_\_\_\_\_

KNABE \_\_\_\_\_

**I, THEREFORE, MOVE AS AUTHORIZED BY GOVERNMENT CODE SECTION 25539.4, THAT THE BOARD OF SUPERVISORS:**

1. Find that the property is surplus to any present or foreseeable County need.
2. Find that the property can be used to provide rental housing affordable to persons and families of low and moderate income and that this use is in the County's best interest.
3. Find that the proposed sale of this surplus property is categorically exempt under the California Environmental Quality Act (CEQA) pursuant to Class 12 of the County's Environmental Document Reporting Procedures and Guidelines and Sections 15312 and 15280 of the State CEQA Guidelines and that the loan for the purchase of the property is categorically exempt from CEQA pursuant to Class 10 of the County's Environmental Document Reporting Procedures and Guidelines and Section 15310 of the State CEQA Guidelines.
4. Approve a sale of the subject property to HCHC at its appraised fair market value of \$1,500,000, subject to the following conditions: (i) that the property will be developed for retail use and affordable rental housing and that at least 40 percent of the residential units developed shall be affordable to households earning no more than 75 percent of the maximum income of "lower income households", 20 percent of the residential units developed shall be affordable to "very low income households", and the remainder of the residential units developed (provided that up to two units may be used as manager's units) shall be available at all times to persons earning no more than 60 percent of the area median income for lower income households, as said terms are defined in Sections 50079.5 and 50105 of the Health and Safety Code, for a period of 55 years; (ii) that the residential portion of the development be constructed with no less than 28,992 square feet (a figure equal to 80 percent of the land area) of living space dedicated for such affordable housing; and iii) that the terms of the Sale and Purchase Agreement and the Restrictive Covenant meet all of the conditions and provisions of Government Code

Section 25539.4.

5. Approve the loan evidenced by a Note secured by a first lien Deed of Trust recorded against the property wherein the County will provide acquisition financing in the amount of \$1,495,000 with interest at seven percent per annum, cumulative and compounded on an annual basis, all due and payable in 24 months from the date of purchase, with acceleration of the amounts due upon default.
6. Authorize the Chief Administrative Office (CAO) to negotiate terms of the sale in accordance herewith, including a Purchase and Sale Agreement, subject to approval by County Counsel, and instruct the Chairman to execute the Purchase and Sale Agreement on behalf of the County upon presentation by the CAO.
7. Instruct the Chairman to execute a Quitclaim Deed and Restrictive Covenant when prepared by the CAO in accordance herewith, after review and approval by County Counsel.
8. Instruct the Auditor-Controller to deposit the sale proceeds into the Asset Development Implementation Fund as directed by the CAO.
9. Authorize the CAO to negotiate and execute, subject to approval by County Counsel, a Subordination Agreement with a construction lender for the purpose of allowing the lender to finance the project without the Restrictive Covenant as to the development of affordable housing, so long as HCHC is in compliance with the terms of the Restrictive Covenant, Note, and Deed of Trust and the CAO and County Counsel approve all terms and conditions of the Subordination Agreement.
10. Instruct the CAO to execute any other related documents to carry out the purposes of this motion after review and approval by County Counsel.